

**Northern Illinois Gas Company
d/b/a Nicor Gas Company**

Ill.C.C. No. 16 - Gas
Original Sheet No. 55.7

**Rider 4
Gas Cost Performance Program**

Applicable to Rider 6

Gas Cost Performance Program (GCPP) amounts, Gas Cost Performance Commodity ("GCPC") and Gas Cost Performance Demand ("GCPD") shall be determined in accordance with the provisions of this rider. On or before March 20 of each year beginning with 2001, the Company shall file with the Commission an information sheet specifying the final Gas Cost Performance Program amounts for the preceding calendar year. Such filing shall include a statement showing the determination of each charge in accordance with Section B herein and shall be certified by the Company's independent public accountants and verified by an officer of the Company. Subject to a Commission Order, the Company will provide the information on a date specified by the Commission.

Section A - Applicability

The Gas Cost Performance Program amounts shall be applicable to the Company's Rider 6, Gas Supply Cost (GSC), will be reflected in the charges filed under the provisions of Rider 6, and will be added to Adjustment Factor A for the Commodity Gas Charge (CGC), the Demand Gas Charge (DGC), and Non-Commodity Gas Charge (NCGC) and Aggregator Balancing Service Charge (ABSC) under Rider 6 for billing purposes.

Section B - Determination of Gas Cost Performance Program Factors

The Company may estimate Factors GCPC and GCPD before the end of the calendar year to be included in Rider 6, Gas Supply Cost. At the end of the calendar year, the Company will make a final determination of the results of the GCPP. The final determination adjusted for amounts already included in the GSC will be included in a GSC filing effective on or before April 1. The determination of final results for the calendar year will be as follows:

Factor GCPC shall be determined in accordance with the following formula:

$$GCPC = PCGC \times (BGC - AGC) \times AF$$

Factor GCPD shall be determined in accordance with the following formula:

$$GCPD = PDGC \times (BGC - AGC) \times AF$$

Where: PCGC = The percentage of actual gas costs that were incurred in the preceding calendar year as Commodity Gas Costs, Factor CGC.

$$PDGC = 1 - PCGC.$$

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Issued by - George M. Behrens
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- AGC = Actual Gas Costs which shall be the total recoverable gas costs as defined in Rider 6, Gas Supply Cost, Section D items (a) through (d) and (f), excluding any costs or credits related to Standard Rider 4, less amortization of any calendar year reconciliation balance (including Factor O of Rider 6), plus any amortized pipeline refunds included in gas costs prior to the effective date of this rider, less transition and take-or-pay costs, or any other FERC mandated surcharge initiated after March 1, 1999 for the annual period.
- BGC = Benchmark Gas Costs, which shall be the Market Index Cost less Storage Credit plus Commodity Adjustment plus Firm Deliverability Adjustment, all as defined below:

Market Index Cost is each month's Market Index Price times the Company's corresponding monthly delivered sales volumes, summed over the 12 months of the annual period. For purposes of determining the monthly Market Index Cost, the index will be the weighted average of a First-of-the-Month Market Price Index (65 percent) and a Daily Market Price Index (35 percent), each determined in the following manner from published Chicago city-gate indices and carried out to four (4) decimal places.

First-of-the-Month Market Price Index

The sum of the following indices divided by four:

The month's Chicago city-gate index price as published in Inside FERC's Gas Market Report, plus:

The month's Midwest-Illinois index price for Natural Gas Pipeline Company of America deliveries as published in Natural Gas Intelligence Gas Price Index, plus:

The month's Chicago city-gate index price as published in Natural Gas Week, plus:

The month's Chicago city-gate index price for LDCs and large end-users as published in Gas Daily.

Daily Market Price Index

The sum of the following indices divided by three:

The month's average daily Chicago city-gate index price as published in Btu Daily Gas Wire, plus:

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The month's average of the daily Chicago city-gate midpoint index price for LDCs and large end-users as published in Gas Daily, plus:

The month's average of the daily Chicago city-gate average index price as published in Natural Gas Intelligence Daily Gas Price Index.

In the event that any of the above specified indices is no longer published or no longer reflective of the appropriate market prices, the Company will replace the index with another index and make other appropriate changes to the weighting of the existing indices.

Storage Credit is the difference in the weighted average Market Index Price of injections and the weighted average Market Index Price of withdrawals for sales to customers times actual withdrawal volumes for sales to customers. The injection price will be weighted based on the following injection volume percentages:

January	0.53 %	May	14.05 %	September	14.54 %
February	0.89	June	13.62	October	14.97
March	1.51	July	13.59	November	6.71
April	2.16	August	15.27	December	2.16

The withdrawal price will be weighted based on the following withdrawal volume percentages:

January	28.10 %	May	0.66 %	September	0.07 %
February	19.10	June	0.32	October	1.28
March	14.34	July	0.41	November	11.07
April	7.69	August	0.17	December	16.79

Commodity Adjustment is \$0.00168 per therm for each therm of Company-owned gas delivered to customers during the annual period.

Firm Deliverability Adjustment is \$116,582,612 each year.

AF = The Adjustment Factor shall be 50 percent of the cost difference between Factor BGC and AGC.

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The Company shall amortize the amounts determined as GCPC and GCPD over a period not to exceed 12 months. The Company shall, in the monthly filing in which the factors are first amortized, include an amortization schedule. The associated carrying charge established by the Commission under 83 Ill. Adm. Code 280.70(e)(1) and in effect when Factors GCPC and GCPD are first amortized shall be applied to each month's unamortized balance.

Section C - Termination of the Gas Cost Performance Program

The Company may, upon 60 days' notice to the Illinois Commerce Commission, discontinue the Gas Cost Performance Program at the end of a calendar year. The Company will make a determination of the results from the final year and follow the methodology included herein for allocating the results. The Company will also follow the methodology herein with respect to refunds received after termination of the program for costs incurred during the program, with such refunds applied to the corresponding period of the program.

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